

Senate Study Bill 3171

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CHAIRPERSON WARNSTADT)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to certain city utilities or city enterprises by
2 making changes to procedures for notice and collection of
3 delinquent charges and by making changes to billing
4 notifications for water service provided to certain
5 residential rental property.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7 TLSS 5133SC 82
8 sc/rj/14

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1 1 Section 1. Section 384.84, subsection 2, paragraphs c and
1 2 d, Code 2007, are amended to read as follows:
1 3 c. A city utility or enterprise service to a property or
1 4 premises shall not be discontinued unless prior written notice
1 5 is sent, by ordinary mail, to the account holder ~~by ordinary~~
~~1 6 mail in whose name the delinquent rates or charges were~~
1 7 incurred, informing the account holder of the nature of the
1 8 delinquency and affording the account holder the opportunity
1 9 for a hearing prior to discontinuance of service. If the
1 10 account holder is a tenant, and if the owner or landlord of
1 11 the property has made a written request for notice, the notice
1 12 shall also be given to the owner or landlord.
1 13 d. (1) If a delinquent amount is owed by an account
1 14 holder for a utility service associated with a prior property
1 15 or premises, a city utility, city enterprise, or combined city
1 16 enterprise may withhold service from the same account holder
1 17 at any new property or premises until such time as the account
1 18 holder pays the delinquent amount owing on the account
1 19 associated with the prior property or premises. A city
~~1 20 utility, city enterprise, or combined city enterprise shall~~
~~1 21 not withhold service from, or discontinue service to, a~~
~~1 22 subsequent owner of the prior property or premises unless such~~
~~1 23 delinquent amount has been certified in a timely manner to the~~
~~1 24 county treasurer as provided in subsection 3, paragraph "a",~~
~~1 25 subparagraphs (1) and (2).~~
1 26 (2) Delinquent amounts that have not been certified in a
1 27 timely manner to the county treasurer are not collectible
~~1 28 against any subsequent owner of the property or premises.~~
1 29 Sec. 2. Section 384.84, subsection 3, Code 2007, is
1 30 amended to read as follows:
1 31 3. a. (1) Except as provided in paragraph "d", all rates
1 32 or charges for the services of sewer systems, storm water
1 33 drainage systems, sewage treatment, solid waste collection,
1 34 water, solid waste disposal, or any of these services, if not
1 35 paid as provided by ordinance of the council or resolution of
2 1 the trustees, are a lien upon the property or premises served
2 2 by any of these services upon certification to the county
2 3 treasurer that the rates or charges are due.
2 4 (2) If the delinquent rates or charges were incurred prior
2 5 to a transfer of the property or premises and such
2 6 delinquencies were not certified to the county treasurer prior
2 7 to the date of transfer, the delinquent rates or charges are
2 8 not eligible to be certified to the county treasurer. If
2 9 certification of such delinquent rates or charges is attempted
2 10 subsequent to a transfer of the property or premises, the
2 11 county treasurer shall return the certification to the city
2 12 utility, city enterprise, or combined city enterprise
2 13 attempting certification along with a notice stating that the
2 14 delinquent rates or charges cannot be made a lien against the
2 15 property or premises.

2 16 (3) If the city utility, city enterprise, or combined city
2 17 enterprise is prohibited under subparagraph (2) from
2 18 certifying delinquent rates or charges against the property or
2 19 premises served by the services described in subparagraph (1),
2 20 the city utility, city enterprise, or combined city enterprise
2 21 may certify the delinquent rates or charges against any other
2 22 property or premises located in this state and owned by the
2 23 account holder in whose name the rates or charges were
2 24 incurred.

2 25 b. ~~This~~ The lien under paragraph "a" may be imposed upon a
2 26 property or premises even if a city utility or enterprise
2 27 service to the property or premises has been or may be
2 28 discontinued as provided in this section.

2 29 c. A lien for a city utility or enterprise service under
2 30 paragraph "a" shall not be certified to the county treasurer
2 31 for collection unless prior written notice of intent to
2 32 certify a lien is given to the account holder ~~of in whose name~~
2 33 ~~the delinquent account rates or charges were incurred~~ at least
2 34 thirty days prior to certification. If the account holder is
2 35 a tenant, and if the owner or landlord of the property has
3 1 made a written request for notice, the notice shall also be
3 2 given to the owner or landlord. The notice shall be sent to
3 3 the appropriate persons by ordinary mail not less than thirty
3 4 days prior to certification of the lien to the county
3 5 treasurer.

3 6 d. Residential rental property where a charge for water
3 7 service is separately metered and paid directly to the city
3 8 utility or enterprise by the tenant is exempt from a lien for
3 9 delinquent rates or charges associated with such water service
3 10 if the landlord gives written notice to the city utility or
3 11 enterprise that the property is residential rental property
3 12 and that the tenant is liable for the rates or charges. A
3 13 city utility or enterprise may require a deposit not exceeding
3 14 the usual cost of ninety days of water service to be paid to
3 15 the utility or enterprise. Upon receipt, the utility or
3 16 enterprise shall acknowledge the notice and deposit. A
3 17 written notice shall contain the ~~name of the tenant~~
3 18 ~~responsible for charges~~, address of the residential rental
3 19 property that the tenant is to occupy, and the date that the
3 20 occupancy begins. ~~A change in tenant shall require a new~~
3 21 ~~written notice to be given to the city utility or enterprise~~
3 22 ~~within ten business days of the change in tenant.~~ When the
3 23 tenant moves from the rental property, the city utility or
3 24 enterprise shall return the deposit if the water service
3 25 charges are paid in full. A change in the ownership of the
3 26 residential rental property shall require written notice of
3 27 such change to be given to the city utility or enterprise
3 28 within ten business days of the completion of the change of
3 29 ownership. The lien exemption for rental property does not
3 30 apply to charges for repairs to a water service if the repair
3 31 charges become delinquent.

3 32 EXPLANATION

3 33 This bill relates to certain services provided by a city
3 34 utility or city enterprise by making changes to the procedures
3 35 for notice and collection of delinquent rates and charges and
4 1 by making changes to billing notifications for water services
4 2 provided to certain residential property by a city utility or
4 3 city enterprise.

4 4 Under current law, delinquent rates or charges for the
4 5 services of water, sewer systems, storm water drainage
4 6 systems, sewage treatment, or solid waste collection and
4 7 disposal provided by a city utility, city enterprise, or
4 8 combined city enterprise (utility) become a lien against the
4 9 property receiving the services upon certification of the
4 10 delinquent amount to the county treasurer. The delinquent
4 11 amount then becomes collectible as a special assessment.
4 12 Special assessments are collected in the same manner as
4 13 property taxes. Current law also provides that service may be
4 14 discontinued at the property if rates or charges for these
4 15 services become delinquent. Notice of discontinuance of
4 16 service or notice of intent to certify a delinquency to the
4 17 county treasurer for collection must be provided to the
4 18 account holder.

4 19 The bill specifies that notice of discontinuance or notice
4 20 of intent to certify a delinquency to the county treasurer
4 21 must be provided to the account holder in whose name the
4 22 delinquent rates or charges were incurred.

4 23 The bill also provides that if delinquent rates or charges
4 24 were incurred prior to a transfer of the property where the
4 25 service was provided and such delinquency was not certified to
4 26 the county treasurer prior to the date of transfer, the

4 27 delinquency is not eligible for certification to the county
4 28 treasurer, and if certification of such a delinquency is
4 29 attempted, the county treasurer is directed to return the
4 30 certification to the utility along with a notice stating that
4 31 the delinquent rates or charges cannot be made a lien against
4 32 the property. However, the delinquent rates or charges may be
4 33 certified against any other property or premises located in
4 34 the state and owned by the account holder in whose name the
4 35 delinquent amount was incurred.

5 1 The bill further provides that service to a new account
5 2 holder may not be withheld or discontinued based on delinquent
5 3 charges incurred by a prior account holder at the same
5 4 premises unless the utility has certified the delinquent
5 5 amount to the county treasurer in a timely manner, i.e., prior
5 6 to transfer of the property. The bill also provides that such
5 7 delinquent amount is not collectible from the new account
5 8 holder unless the delinquent amount has been certified to the
5 9 county treasurer in a timely manner, i.e., prior to transfer
5 10 of the property.

5 11 Under current law, if water service is separately metered
5 12 and paid directly by a tenant of residential rental property,
5 13 the owner of the property, in order to be exempt from a lien
5 14 for delinquent rates or charges, is required to notify the
5 15 city utility that the property is rental property, that the
5 16 tenant is responsible for water charges at the property, and
5 17 the name of the tenant. The owner must also notify the city
5 18 utility each time there is a change in tenant at the
5 19 residential rental property within 10 days of the change in
5 20 tenant. The bill strikes the requirement that the owner
5 21 notify the city utility of the name of the tenant and the
5 22 requirement that the owner notify the city utility each time
5 23 there is a change in tenant at the residential rental
5 24 property.

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